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C O N F I D E N T I A L AMMAN 002780

SIPDIS

PLEASE PASS DOD FOR DEFENSE ENERGY SUPPORT CENTER
STATE FOR ACIS/MFREEDMAN, PM, NEA/ARN

E.O. 12958: DECL: 04/13/2024

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SUBJECT: U.S. COMPANY WINS DEFENSE FUELS CONTRACT LOST BY
JORDANIAN FIRM: LESSONS LEARNED

11. (C/NF) SUMMARY: The U.S. Firm Trigeant has replaced the Jordanian-owned Shahin Group under part of a \$71.8 million contract to supply refined oil products to Iraq for the Defense Energy Support Center. The Shahin Group was terminated for cause because it was unable to deliver the amount of diesel fuel required under part of its contract. The Shahin Group is well-known to the Embassy and the Embassy recommends that DESC coordinate with the Embassy on future contracts that may involve Jordanian companies. This could also serve as a model for contracting in other areas involving companies registered in Jordan. END SUMMARY.

12. (C/NF) On April 3, the Jordanian-owned Shahin Business and Investment Group commenced operations under its \$71.8 million Defense Energy Support Center (DESC) contract to deliver refined oil products to the Ramadi fuel depot outside Baghdad. It had been the low bidder, winning over two American firms. However, after Shahin demonstrated that it was unable to supply the diesel required under part of this contract, Shahin was terminated for cause on April 10 for that part of the contract. This development falls into a pattern of unmet commitments by Shahin Group. DESC then awarded this part of the contract to Trigeant Ltd., a privately-owned oil refining, marketing, distribution, and transportation company based in Boca Raton, Florida, which had been the original next-lowest bidder. In the deal, Trigeant is partnered with Jordan's National Resources Development Company, a state entity involved in developing land previously owned by the Jordanian military.

13. (C/NF) In order to speed the delivery of the diesel, Trigeant arranged a swap with Jordan's Zarqa refinery and will bring in further shipments through Aqaba. The contract is for three months with options for renewals of three further consecutive three-month periods. According to Trigeant's President, Harry Sargeant, diesel shipments were under way by truck from Aqaba by April 12. All the shipments were sent in trucks driven by Iraqi drivers but Sargeant was hopeful that Jordanian truckers would soon be competing for this business.

14. (C/NF) According to reports, Shahin was unable to locate the financing needed to fulfill this part of the contract, partially because of its lack of standing and the lack of a track record in the international oil trading community. This development is also consistent with a documented pattern of experience with Shahin.

15. (C/NF) COMMENT: The Embassy, both in its Commercial Section and elsewhere, is very knowledgeable about Jordanian contractors. As part of its normal support for U.S. companies, the Embassy can provide Company Profile Reports on companies registered in Jordan. For future contracts by DESC or other agencies or organizations working on supporting USG efforts in Iraq, the Embassy strongly recommends an early query to the Embassy for Company Profile Reports as well as for any other relevant information we can provide.
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